

Tangipahoa Mosquito Abatement District Number
One
Of the Parish of Tangipahoa
Hammond, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2013
With Supplemental Information Schedules

Tangipahoa Mosquito Abatement District Number One

**Annual Financial Statements
As of and for the Year Ended December 31, 2013
With Supplemental Information Schedules**

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Tangipahoa Mosquito Abatement District Number One

**Annual Financial Statements
As of and for the Year Ended December 31, 2013
With Supplemental Information Schedules**

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Independent Auditor's Report

To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
Tangipahoa Parish
Hammond, Louisiana 70404

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa, Louisiana as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Tangipahoa Mosquito Abatement District Number One's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
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To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Tangipahoa Mosquito Abatement District Number One, as of December 31, 2013, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2014, based on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, including management's discussion and analysis and budgetary comparison information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BRUCE HARRELL & CO.
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To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
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Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the District's basic financial statements. The supplementary information, including the summary of board member information and compensation, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

July 9, 2014

Required Supplemental Information (Part I)

Management's Discussion and Analysis

Tangipahoa Mosquito Abatement District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Introduction

Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa (the "District") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments* (GASB 34), and with current standards more fully described in *Footnote 1. Summary of Significant Accounting Policies – Section C "Measurement Focus, Basis of Accounting, and Financial Statement Presentation"*.

The District's management discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this Management's Discussion and Analysis should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this Management's Discussion and Analysis.

Financial Highlights

- At December 31, 2013, the District's assets of \$5,154,414 exceeded its liabilities by \$4,878,883 (net position). The District's unrestricted net position of \$3,903,552 may be used to meet the District's ongoing obligations for mosquito protection.
- For the year ended December 31, 2013, the District's total net position increased by \$273,349.
- At December 31, 2013, the District's government fund reported an ending fund balance of \$3,903,552 which represents an increase of \$415,509 for the year. Of this amount, \$3,669,490 is unassigned and available for spending for mosquito protection.
- Ad valorem taxes increased by \$7,098 from \$2,041,951 for the prior fiscal year to \$2,049,049 for the year ended December 31, 2013.
- Interest income for the year ended December 31, 2013 was \$6,434, an increase of \$64. This increase is primarily due to additional deposits on hand during the year.
- Total liabilities for the fiscal year ending December 31, 2013 increased by \$25,589 or approximately ten percent due primarily to an increase in retirement payable, accrued salaries, and accrued annual leave.

Overview of the Annual Financial Report

The financial statement focus is on both the District as a whole and on the major individual fund. Both perspectives, government-wide and major fund, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Tangipahoa Mosquito Abatement District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

Governmental activities, which are supported by ad valorem taxes and other miscellaneous revenue, are presented for the primary government. If the District determines that presentation of a component unit (which are other governmental units for which the District can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Tangipahoa Mosquito Abatement District Number One has no component units.

The Statement of Net Position presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the District's various revenues. This is intended to summarize and simplify the reader's analysis of the cost and/or subsidy of various governmental services.

In both the Government-Wide Financial Statements, the District's activities are of a single type:

- Governmental activities- The District's basic services are reported here, and are financed primarily through ad valorem taxes.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses a single category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps

Tangipahoa Mosquito Abatement District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position in this report.

Net Position 2013 and 2012

	Governmental Activities	
	2013	2012
		Restated
Assets:		
Current and Other Assets	\$ 4,179,083	\$ 3,737,985
Capital Assets	975,331	1,117,491
Total Assets	<u>5,154,414</u>	<u>4,855,476</u>
Liabilities:		
Long-Term Debt Outstanding	-	-
Other Liabilities	275,531	249,942
Total Liabilities	<u>275,531</u>	<u>249,942</u>
Net Position:		
Net Investment in Capital Assets	975,331	1,117,491
Unrestricted	3,903,552	3,488,043
Total Net Position	<u>\$ 4,878,883</u>	<u>\$ 4,605,534</u>

Approximately 20 percent of the District's net position reflects its investment in capital assets (furniture, equipment and building) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Approximately 80 percent of the District's net position are unrestricted and may be used to meet the District's ongoing obligations to its citizens. At the end of the current fiscal year, the District was able to report positive balances in its sole category of net position, governmental activities. The same held true for the prior fiscal year.

Tangipahoa Mosquito Abatement District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more information see the Statement of Activities included in this report.

Changes in Net Position For the years ended December 31, 2013 and 2012

	Governmental Activities			
	2013	2012	\$Change	%Change
Revenues:		Restated		
General Revenues:				
Property Taxes	\$ 2,049,049	\$ 2,041,951	7,098	-
Intergovernmental	-	150,583	(150,583)	-100%
Interest Income	6,434	6,370	64	1%
Miscellaneous	7,321	5,995	1,326	22%
Total Revenues	<u>2,062,804</u>	<u>2,204,899</u>	(142,095)	-6%
Expenses:				
Mosquito Abatement	1,789,455	2,301,406	(511,951)	-22%
Total Expenses	<u>1,789,455</u>	<u>2,301,406</u>	(511,951)	-22%
Change in Net Position	<u>273,349</u>	<u>(96,507)</u>	369,856	383%
Net Position, Beginning	4,610,769	4,707,276	(96,507)	-2%
Prior Period Adjustments (Note 15)	(5,235)	(5,235)	-	-
Net Position, Beginning (Restated)	<u>4,605,534</u>	<u>4,702,041</u>	(96,507)	-2%
Net Position, Ending	<u>\$ 4,878,883</u>	<u>\$ 4,605,534</u>	273,349	6%

Governmental Activities

The District's governmental net position increased by \$273,349 or six percent of the prior year ending net position, to \$4,878,883.

Changes in net position increased by \$369,856 compared to the prior year. Revenues decreased by six percent, \$142,095 and expenses decreased by twenty-two percent, \$511,951. The decrease in revenues noted above is primarily due to a decrease in FEMA awards. The decrease in expenses noted above is primarily comprised of decreases in contract services, capital outlay, and materials and supplies.

Tangipahoa Mosquito Abatement District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year. The basic governmental fund financial statements are included in this report.

At the end of the current year, the District's single governmental fund reported an ending fund balance of \$3,903,552, ninety-four percent or \$3,669,490 was unassigned. This represents an increase of \$415,509, or approximately twelve percent of the prior year's ending balances.

Major Governmental Fund Budgetary Highlights

Tangipahoa Mosquito Abatement District Number One adopts an annual operating budget in accordance with requirements of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and actual expenditures did not exceed budgeted expenditures by five percent. The budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operation of the District. An amended budget was proposed and adopted as required by the Local Government Budget Act, for the year ended December 31, 2013. Schedule 1 detailing budget compliance is included as Required Supplementary Information, following the footnotes of the financial statements.

Tangipahoa Mosquito Abatement District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2013

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities (net of depreciation) as of December 31, 2013 and December 31, 2012 respectively amounted to \$975,331 and \$1,117,491. Asset purchases in 2013 and 2012 respectively were \$17,440 and \$94,290.

The following table provides a summary of the District's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements in this report.

Capital Assets (Net of Depreciation) 2013 and 2012

Capital Assets	Governmental Activities	
	2013	2012
Building	\$ 952,023	\$ 952,023
Equipment	965,450	959,241
Furniture	281,385	270,154
Subtotal Capital Assets	2,198,858	2,181,418
Less: Accumulated Depreciation	(1,223,527)	(1,063,927)
Capital Assets, Net	\$ 975,331	\$ 1,117,491

Long-Term Debt

At December 31, 2013, the District had no long-term debt outstanding.

Contacting the District's Financial Management

This financial report is designed to provide the District's users with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa, 15483 Club Deluxe Road, Hammond, Louisiana 70403. The District's telephone number is (985) 543-0454.

Basic Financial Statements

Government-Wide Financial Statements

Statement A

Tangipahoa Mosquito Abatement District Number One
Statement of Net Position
As of December 31, 2013

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 2,069,463
Receivables, Net:	
Ad Valorem Taxes	1,874,571
Federal Emergency Management Agency Assistance	987
Inventory	200,562
Prepaid Insurance	33,500
Total Current Assets	<u>4,179,083</u>
Capital Assets:	
Land	-
Construction in Progress	-
Capital Assets, Net	975,331
Total Capital Assets	<u>975,331</u>
Total Assets	<u>5,154,414</u>
Liabilities	
Current Liabilities:	
Accounts Payable	23,105
Other Accrued Payables	247,191
Due To Other Governments	5,235
Total Current Liabilities	<u>275,531</u>
Total Liabilities	<u>275,531</u>
Net Position	
Net Investment in Capital Assets	975,331
Unrestricted	3,903,552
Total Net Position	<u>\$ 4,878,883</u>

The accompanying notes are an integral part of this statement.

Statement B

Tangipahoa Mosquito Abatement District Number One
Statement of Activities
For the year ended December 31, 2013

	<u>Program Revenues</u>		<u>Net</u>	<u>Net (Expenses)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>(Expenses)</u>	<u>Revenues and</u>
		<u>Services</u>	<u>Revenues</u>	<u>Changes</u>
Governmental Activities				Governmental
Mosquito Abatement	\$ 1,789,455	\$ -	\$ (1,789,455)	\$ (1,789,455)
Total Governmental Activities	<u>1,789,455</u>	<u>-</u>	<u>(1,789,455)</u>	<u>(1,789,455)</u>
General Revenues:				
Ad Valorem Taxes				2,049,049
Interest Income				6,434
Miscellaneous				<u>7,321</u>
Total General Revenues				<u>2,062,804</u>
Change in Net Position				<u>273,349</u>
Net Position - Beginning				4,610,769
Prior Period Adjustments (Note 15)				<u>(5,235)</u>
Net Position - Beginning (Restated)				<u>4,605,534</u>
Net Position - Ending				<u>\$ 4,878,883</u>

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

Tangipahoa Mosquito Abatement District Number One
Balance Sheet, Governmental Funds
As of December 31, 2013

Statement C

	<u>General Fund</u>
Assets	
Current Assets	
Cash and Equivalents	\$ 2,069,463
Receivables, Net:	
Ad Valorem Taxes	1,874,571
Federal Emergency Management Agency Assistance	987
Inventory	200,562
Prepaid Insurance	33,500
Total Assets	<u><u>\$ 4,179,083</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts Payable	\$ 23,105
Other Accrued Liabilities	247,191
Due to Other Governments-FEMA	5,235
Total Liabilities	<u>275,531</u>
Fund Balances:	
Nonspendable	234,062
Unassigned	3,669,490
Total Fund Balances	<u>3,903,552</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,179,083</u></u>

The accompanying notes are an integral part of this statement.

Statement D

**Tangipahoa Mosquito Abatement District Number One
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of December 31, 2013**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	3,903,552
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental capital assets net of depreciation		975,331
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Net Position of Governmental Activities (Statement A)	\$	<u>4,878,883</u>
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The accompanying notes are an integral part of this statement.

Statement E

Tangipahoa Mosquito Abatement District Number One
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended December 31, 2013

	<u>General Fund</u>
Revenues	
Ad Valorem Taxes	\$ 2,049,049
Interest	6,434
Miscellaneous	7,321
Total Revenues	<u>2,062,804</u>
Expenditures	
Mosquito Abatement	
Salaries	575,153
Benefits	249,871
Payroll Taxes	12,493
Chemicals	382,766
Insurance	117,231
Other operating	65,855
Professional Fees	9,400
Repairs and Maintenance	44,234
Statutory Payments to Assessor	82,012
Telephone	15,691
Utilities	12,812
Vehicle Expenses	62,337
Capital Outlays	17,440
Total Expenditures	<u>1,647,295</u>
Net Change in Fund Balances	<u>415,509</u>
Fund Balances, Beginning	
Before Prior Period Adjustments	3,493,278
Prior Period Adjustment (Note 15)	(5,235)
Fund Balances, Beginning After Prior Period Adjustments	<u>3,488,043</u>
Fund Balances, Ending	<u><u>\$ 3,903,552</u></u>

The accompanying notes are an integral part of this statement.

**Tangipahoa Mosquito Abatement District Number One
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2013**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 415,509
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 17,440	
Less:		
Current year depreciation	(159,600)	(142,160)

Deferred ad valorem taxes collected after year-end, but not available soon enough to pay for current expenditures changed by the following amount.

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Change in Net Position of Governmental Activities, Statement B	\$ <u>273,349</u>
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The accompanying notes are an integral part of this statement.

Basic Financial Statements

Notes to the Financial Statements

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

Introduction

The Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa (hereinafter referred to as "the District"), was created by the Tangipahoa Parish Council by Tangipahoa Parish Ordinance Number 01-18 on June 25, 2001, under the authority conferred by Chapter 23 of Title 33 of the Louisiana Revised Statutes of 1950, and thereby constitutes a political subdivision of the State of Louisiana. The District is governed by a board of commissioners consisting of seven (7) members. Five (5) of the commissioners are appointed by the Tangipahoa Parish Council, and one (1) commissioner is to be appointed by the governing authority of the City of Hammond, and one (1) commissioner is to be appointed by the governing authority of the City of Ponchatoula. Commissioners receive no compensation for serving on the District board. The board has the authority to purchase, maintain, and operate machinery and equipment necessary or useful in the eradication, abatement, or control of mosquitoes and other arthropods of public health importance, and to maintain an adequate administrative staff.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Tangipahoa Mosquito Abatement District Number One have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999, and as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, *Audits of State and Local Governmental Units*.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net position by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote K—Fund Equity and Net Position*.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all nonfiduciary activities of the District. The District does not have any business-type activities and reports only governmental activities. Governmental activities are supported by funds received mainly from taxes, and interest earnings from investments.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures and claims and judgments, are recorded only when payment is due.

Property taxes and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has no business-type activities or enterprise funds.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

The state investment pool (LAMP), operates in accordance with state laws and regulations and is considered a cash equivalent demand deposit. The reported value of the pool is the same as the fair value of the pool shares. Investments for the District are reported at fair market value.

E. Receivables and Revenue

Property tax receivables are shown net of an allowance for uncollectible. The District uses one half to two and a half percent of the property tax receivable as an allowance for uncollectible depending on information available.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The taxes are generally collected in December of the current year, and January and February of the ensuing year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Mosquito Abatement taxes due for acquiring, purchasing, maintaining and operating machinery, facilities, equipment and materials necessary or useful in the eradication, abatement or control of mosquitoes and other arthropods of public health importance.	5 mills	5 mills	2016

F. Inventory and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Restricted Assets

Certain proceeds of specific revenue sources that are legally restricted to expenditures for a specified purpose are classified as restricted assets because their use is limited to specific expenditures.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Machinery and Equipment	5 - 10 Years
Furniture and Fixtures	5 Years
Vehicles	5 - 10 Years
Building and Building Improvements	20 - 40 Years

I. Compensated Absences

The District has the following policy related to vacation and sick leave:

All regular employees are entitled to annual vacation leave as follows:

	<u>Minimum Years of Service</u>		
	<u>1 to 5</u>	<u>5 to 15</u>	<u>15+</u>
Vacation Leave - Hours per Two week Pay Period	4	6	8
	<u>4</u>	<u>6</u>	<u>8</u>

Vacation leave will be scheduled at the beginning of the year, subject to approval of the Director, based on seniority and known or anticipated workload.

At the time of retirement from the District, employees will be paid for any unused vacation leave at the straight time rate of pay earned at the time of separation.

Any change from this policy will be considered on a case-by-case basis and must be approved by the Director prior to the end of the calendar year and must be of benefit of the District.

Sick leave shall accumulate for regular, full-time employees at the rate of four hours per pay period. At the time of retirement or a reduction in force from the District, employees will be paid for any unused sick leave at the straight time rate of pay earned at the time of separation up to one hundred eighty working days or 1,440 hours. Unused sick leave, in excess of one hundred eighty working days or 1,440 hours may be utilized in computing benefits at the time of retirement in accordance with retirement system policy. No payment for unused sick leave will be permitted if any employee is discharged or leaves

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

voluntarily prior to retirement. In addition, the District Board has instituted an extended sick leave compensation of a maximum of fifteen working days in any two year calendar period. This compensation may be extended past fifteen days due to dire circumstances such as terminal illness. This extended sick leave is intended to provide for those medical and health conditions involving hospitalization and/or physician directed rehabilitation involving a catastrophic type illness/injury.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditure in the General Fund, when leave is actually earned.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Under GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs, other than prepaid insurance costs, recorded in the current fiscal year are expensed. Any prepaid insurance costs on any new debt issuance should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. If applicable, bond premiums and discounts continue to be amortized over the life of the bonds, using the effective interest method, and bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. At December 31, 2013 the District did not hold any long term debt.

K. Fund Equity and Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 for the government-wide financial statements requires the following components of net position:

- **Net Investment in Capital Assets** - This component of net position includes capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset calculation as unspent proceeds.
- **Restricted Net Position** - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - This component of net position consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Tangipahoa Mosquito Abatement District Number One

Notes to the Financial Statements

December 31, 2013

In the fund statements, governmental fund equity is classified as fund balance. The District adopted GASB 54 for the year ended December 31, 2011. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- **Nonspendable.** These are amounts that can not be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable reflects inventory of \$200,562 and prepaid insurance in the amount of \$33,500.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the highest level of decision making authority. To be reported as committed amounts, these cannot be used for any other purposes unless the government takes the same highest level action to remove or change the constraint.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes.
- **Unassigned.** These are all other spendable amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the District reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the District reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

2. Stewardship, Compliance and Accountability

Budget Information

The Tangipahoa Mosquito Abatement District Number One uses the following budget practices:

1. The District prepares budgets on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).
2. *The District's director prepares the proposed budget and submits it to the board of commissioners no later than fifteen (15) days prior to the beginning of each fiscal year. The proposed budget for 2013 was presented to the board of commissioners on October 10, 2012.*
3. The proposed budget for 2013 was adopted on October 10, 2012.
4. Budgetary amendments require the approval of the board of commissioners. The final budget amendments for the 2013 budget were approved on December 11, 2013.
5. All budgetary appropriations lapse at year-end.
6. Periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in accompanying financial statements include the originally adopted budget amounts and all subsequent amendments legally adopted prior to year-end.
7. There were no budget variances that would result in unfavorable variances in violation of the Local Government Budget Act for the fiscal year ended December 31, 2013.

3. Cash and Cash Equivalents

At December 31, 2013, the District has cash and cash equivalents (book balances) as follows:

	December 31, 2013
Interest-bearing demand deposits	\$ 1,563,616
Louisiana Asset Management Pool	505,847
	<u>\$ 2,069,463</u>

These demand deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2013, the district had \$1,567,698 in bank deposits (collected bank balances) in one financial institution. These demand deposits are secured from risk by \$250,000 of federal deposit insurance per institution and the remainder by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2013, the District had additional cash equivalents considered to be a demand deposit in the Louisiana Asset Management Pool (LAMP) of \$505,847.

The investment in the Louisiana Asset Management Pool (LAMP), an external investment pool, is stated at the value of the pool shares, which is the same as the fair value and consists of securities of the United States Government or its agencies and as such do not require additional pledged collateral.

In accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2295(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment Grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP, Inc. issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 Saint Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (504) 525-5267.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

4. Investments

The Tangipahoa Mosquito Abatement District Number One did not hold any assets considered to be investments at December 31, 2013.

5. Receivables

The following is a summary of receivables at December 31, 2013 :

Class of Receivable	<u>2013</u>
Ad Valorem taxes	\$ 1,884,875
Less Allowance for uncollectible Ad Valorem Taxes	<u>(10,304)</u>
Subtotal	<u>1,874,571</u>
Intergovernmental:	
Federal Emergency Management Agency Assistance	987
Total	\$ <u><u>1,875,558</u></u>

The District used one half of one percent of the property tax receivable as an allowance for uncollectible ad valorem tax revenue.

6. Interfund Receivable/Payable

Interfund receivables and payables are recorded when one fund overpays or underpays its portion of an expenditure. The District had no interfund receivables and payables since it had only one fund.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2013 for governmental activities is as follows:

Governmental Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Building	\$ 952,023	\$ -	\$ -	\$ 952,023
Equipment	959,241	6,209	-	965,450
Office Furniture and Equipment	270,154	11,231	-	281,385
Total Capital Assets Being Depreciated	<u>2,181,418</u>	<u>17,440</u>	<u>-</u>	<u>2,198,858</u>
Less Accumulated Depreciation for:				
Building	127,749	24,410	-	152,159
Equipment	757,860	99,614	-	857,474
Office Furniture and Equipment	178,318	35,576	-	213,894
Total Accumulated Depreciation	<u>1,063,927</u>	<u>159,600</u>	<u>-</u>	<u>1,223,527</u>
Total Capital Assets Being Depreciated, Net	<u>1,117,491</u>	<u>(142,160)</u>	<u>-</u>	<u>975,331</u>
Total Governmental Activities Capital Assets, Net	\$ <u>1,117,491</u>	\$ <u>(142,160)</u>	\$ <u>-</u>	\$ <u>975,331</u>
Depreciation was charged to governmental activities as follows:				
Mosquito Abatement				\$ <u>159,600</u>
				<u>\$ 159,600</u>

Purchases of capital assets were primarily for computers, communications, and mapping software.

8. Accounts, Salaries, and Other Payables

The payables at December 31, 2013 are as follows:

Governmental Funds Payable	2013
Accounts payable	\$ 23,105
Accrued annual leave	115,101
Accrued salaries	14,466
Accrued payroll withholdings and related payables	35,612
Deductions from ad valorem taxes payable	82,012
Due to other governments	<u>5,235</u>
Total Liabilities	\$ <u>275,531</u>

9. Leases

The District records items under capital leases as an asset and an obligation in the accompanying financial statements. The District had no capital leases outstanding at December 31, 2013. The District began leasing a building from another governmental agency on February 26, 2003 for a five year term. The lease automatically renews after each year unless either party cancels the lease. The District does not pay any rental payments, but lets the lessor use a storage building rent free.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

10. Long-Term Obligations

The District has no long-term debt outstanding at December 31, 2013, and had no long-term debt activity during the year ended.

11. Retirement System

Plan Description: Substantially all full-time employees of Tangipahoa Mosquito Abatement District Number One of Tangipahoa Parish are members of the Parochial Employees' Retirement System of Louisiana (System), a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the district are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least ten years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final-average salary for each year of creditable service. However, for these employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24.00 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by the state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-47619, or by calling (225) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 16.75 percent of annual covered payroll. Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System under Plan A for the years ending December 31, 2013 and 2012 were \$82,786 and \$71,008 respectively, each equal to the required contributions for that year.

12. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of commercial insurance.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
December 31, 2013

13. Contingent Liabilities

At December 31, 2013, the District was not involved in any outstanding litigation or claims.

14. Subsequent Events

These financial statements considered subsequent events through July 9, 2014, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2013.

15. Prior Period Adjustment

On March 29, 2013, the District received a letter from the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness stating that a recent review of records indicated that the District was overpaid \$5,235 of disaster recovery funds. The District paid back these funds on February 20, 2014, which is shown as an accounts payable on the District's financial statements as of December 31, 2013. The following prior period adjustment was required to show the payback of prior disaster recovery funds.

		<u>Original Reported Balance at 12/31/13</u>		<u>Change</u>		<u>Adjusted Balance at 12/31/13</u>
Fund Basis						
FEMA Funds Payback	\$	3,493,278	\$	(5,235)	\$	3,488,043
Government Wide Basis						
FEMA Funds Payback	\$	4,610,769	\$	(5,235)	\$	4,605,534

Required Supplemental Information (Part II)

Schedule 1

Tangipahoa Mosquito Abatement District Number One
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the year ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Ad Valorem Taxes	\$ 1,924,711	\$ 1,924,711	\$ 2,049,049	\$ 124,338
Interest	2,000	2,000	6,434	4,434
Miscellaneous	4,000	4,000	7,321	3,321
Total Revenues	<u>1,930,711</u>	<u>1,930,711</u>	<u>2,062,804</u>	<u>132,093</u>
Expenditures				
Mosquito Abatement				
Salaries	581,629	581,629	575,153	6,476
Benefits	243,008	243,008	249,871	(6,863)
Payroll Taxes	11,928	11,928	12,493	(565)
Chemicals	500,000	500,000	382,766	117,234
Insurance	146,000	171,500	117,231	54,269
Other operating	100,000	100,000	65,855	34,145
Professional Fees	65,000	38,000	9,400	28,600
Repairs and Maintenance	70,000	70,000	44,234	25,766
Statutory Payments to Assessor	-	-	82,012	(82,012)
Telephone	15,500	17,000	15,691	1,309
Utilities	14,000	14,000	12,812	1,188
Vehicle Expenses	100,000	100,000	62,337	37,663
Capital Outlays	82,000	82,000	17,440	64,560
Total Expenditures	<u>1,929,065</u>	<u>1,929,065</u>	<u>1,647,295</u>	<u>281,770</u>
Net Change in Fund Balances	<u>1,646</u>	<u>1,646</u>	<u>415,509</u>	<u>413,863</u>
Fund Balances, Beginning				
Before Prior Period Adjustments	3,493,278	3,493,278	3,493,278	-
Prior Period Adjustments (Note 15)	<u>-</u>	<u>-</u>	<u>(5,235)</u>	<u>(5,235)</u>
Fund Balances, Beginning				
After Prior Period Adjustments	<u>3,493,278</u>	<u>3,493,278</u>	<u>3,488,043</u>	<u>(5,235)</u>
Fund Balances, Ending	<u>\$ 3,494,924</u>	<u>\$ 3,494,924</u>	<u>\$ 3,903,552</u>	<u>\$ 408,628</u>

See independent auditor's report.

Other Supplemental Information

Schedule 2

Tangipahoa Mosquito Abatement District Number One
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2013

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expires</u>
Darryl Bubrig, Chairman (225) 294-5278	40173 Deer Creek Ponchatoula, LA 70454	-	July 2015
Phillip Graziano, Vice Chairman (985) 345-2028	20070 River Crest Drive Hammond, LA 70403	-	July 2016
Sunny Ryerson, Secretary (985) 386-8342	23569 Fletcher Isle Road Ponchatoula, LA 70454	-	July 2015
Nell Harper, Board Member (985) 878-2953	21054 Harper's Lane Loranger, LA 70446	-	July 2016
Bruce Caliva, Board Member (985) 386-6262	307 W. Magnolia St. Ponchatoula, LA 70454	-	July 2016
Larry "Pete" Jones, Board Member (985) 386-9002	39521 John Wilde Road Ponchatoula, LA 70454	-	July 2016
Danny Wallace, Board Member (985) 386-8428	38494 Lindsey Lane Ponchatoula, LA 70454	-	Deceased 2013
Darren Sanders, Board Member (985) 345-3036	42087 Red Maple Street Hammond, LA 70403	-	Resigned September 2013

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See Independent Auditor's Report.

Tangipahoa Mosquito Abatement District Number One
Schedule of Findings and Questioned Costs
For the year ended December 31, 2013

Part I: Summary of Auditor's Results*Financial Statements*

Type of Auditor's Report Issued: Unqualified.

Internal Control Over Financial Reporting:

Material Weakness(es) Identified: No

Significant Deficiency(ies) that are not considered to be

Material Weaknesses: Yes

Noncompliance Material to the Financial Statements: No

Federal Awards

There were no Major Programs for the District for the fiscal year ended December 31, 2013

Part II: Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards. These findings are included within the *Summary Schedule of Prior Year Audit Findings*, and the *Corrective Action Plan for Current Year Audit Findings*, with current year findings categorized as follows:

A. Compliance Findings –

No compliance findings.

B. Internal Control Findings -

Internal control findings within the *Corrective Action Plan for Current Year Audit Findings* include Finding 2013-II which is a significant deficiency not constituting material weaknesses.

Part III: Findings and Questioned Costs for Federal Awards which include audit findings as defined in Section 510(a) of Circular A-133:

N/A.

Part IV: Management Letter Items:

There were no management findings for the District for the fiscal year ending December 31, 2013.

**Tangipahoa Mosquito Abatement District Number One
Summary Schedule of Prior Year Audit Findings
For the year ended December 31, 2013**

Compliance Findings (Reported in Accordance with Government Auditing Standards)

No compliance findings.

Internal Control Findings (Reported in Accordance with Government Auditing Standards)

Reference Number: 2012-II (Lack of segregation of duties)

Year Initial Finding Occurred: Fiscal Year Ending December 31, 2009

Type Finding: Significant deficiency not constituting a material weakness.

Description of Finding:

The prior year finding noted that Tangipahoa Mosquito Abatement District Number One must demonstrate that activities relating to the receipt and disbursement of funds are properly segregated. We noted that the client has increased controls for the monitoring of cash receipts and disbursement transactions at the agency level and relies on an outside CPA for payroll services and financial reporting. This finding is continued, but relates to procedures and review to be implemented by the District for monthly monitoring and review of inventory purchases, inventory usage, and inventory reporting.

Corrective Action Taken:

Corrective action is listed as partial, since controls are still to be implemented relating to monitoring and reporting of inventory. This finding is continued as Finding 2013-II in the *Corrective Action Plan for Current Year Audit Findings*.

Description of Corrective Action Taken:

Since proper segregation of duties is a continuing issue of small agencies, this finding is continued.

Contact Person:

Darryl Bubrig, Chairman

40173 Deer Creek, Ponchatoula, LA 70454 (Phone # 225-294-5278)

**Tangipahoa Mosquito Abatement District Number One
Corrective Action Plan for Current Year Audit Findings
For the year ended December 31, 2013**

Reference Number: 2013-II (Lack of segregation of duties)

Type Finding: Significant deficiency not constituting a material weakness.

Criteria:

The Tangipahoa Mosquito Abatement District must demonstrate that activities relating to the receipt and disbursement of funds and financial management are properly segregated.

Condition:

With all smaller agencies, there will be limited personnel for recording receipts and disbursements and for reporting financial transactions. In prior year review, we noted that the District has implemented the following compensating controls:

- 1) Direct approval by the board for all key financial transactions.
- 2) Maintenance of detail registers to support all disbursements.
- 3) Monthly reconciliation and reporting by an outside accountant.
- 4) Approval and signing of checks by board members.

In addition, during current year review we noted that the District maintains duplicate registers for disbursements and has standardized procedures for approval of transactions, with the final transactions maintained by the external CPA, and procedures are in effect for the review and deposit of receipts. The District also manages and reviews payroll transactions, with external processing and reporting by the external CPA. With these improvements in place, the one aspect of this finding that is continued relates to controls for inventory. The District manages large quantities of chemical inventory required for mosquito control. Procedures have been implemented, but we recommend that controls continue to be implemented for monthly inventory control, management, and reporting, and that the annual inventory also continue to be conducted at fiscal year end.

Effect:

Although there are a limited number of personnel, the District has implemented needed controls that result in more effective financial management. With additional emphasis on inventory management, overall control will be enhanced.

Cause:

The need to implement compensating controls is characteristic of a small agency.

Recommendations:

The District must continue to implement compensating controls to ensure the integrity of financial operations.

Response by Management

The Director and board of commissioners will continue to monitor and approve all transactions.

Description of Action Taken: Partial

Anticipated Completion Date: Controls are implemented and will be monitored.

Contact Person:

Darryl Bubrig, Chairman
40173 Deer Creek, Ponchatoula, LA 70454 (Phone # 225-294-5278)

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Dale H. Jones, CPA
Michael P. Estay, CPA
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
Tangipahoa Parish
Hammond, Louisiana 70404

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Tangipahoa Mosquito Abatement District Number One, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Tangipahoa Mosquito Abatement District Number One's basic financial statements and have issued our report dated July 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Mosquito Abatement District Number One's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the Tangipahoa Mosquito Abatement District Number One's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tangipahoa Mosquito Abatement District Number One's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have

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To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
Page 2

not been identified. However, we did identify certain deficiencies in internal control, described in the accompanying *Corrective Action Plan for Current Year Audit Findings* that we consider to be significant deficiencies in internal control over financial reporting as Finding Number 2013-I1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tangipahoa Mosquito Abatement District Number One's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Tangipahoa Mosquito Abatement District Number One's Response to Findings

Tangipahoa Mosquito Abatement District Number One's response to the findings identified in our audit is included in the *Corrective Action Plan for Current Year Audit Findings*. Tangipahoa Mosquito Abatement District Number One's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities, when applicable. However, this report is a matter of public record and its distribution is not limited. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

July 9, 2014